



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

March 18, 1999

Denise Dragoo, Resident Agent
Horizon Mining, LLC
c/o Snell & Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Re: Response to March 9, 1999 Letter - Incidental Boundary Change, Horizon Mining, LLC, Horizon Mine, ACT/007/020, Folder #2, Carbon County, Utah

Dear Ms. Dragoo:

This letter is in response to your letter dated March 9, 1999 about the incidental boundary change for the Horizon Mine in federal coal lease UTU-74804. I understood from Ranvir Singh, at OSM-WRCC in the Federal Lands Program, that he and you discussed the contents of this letter at the Coal Conference in Price, Utah on March 11, 1999. He briefed me on his conversations with you and said he explained to you that the company was authorized by BLM to mine coal ONLY within the specified boundary of the Right-of-Way (issued effective April 23, 1996), and not beyond that boundary. This coal mining within the right-of-way all happened prior to the sale of the federal coal lease.

Federal Coal Lease UTU-74804 was issued to Horizon, effective September 1, 1998 and the above-mentioned BLM right-of-way became part of the new lease only in an "after-the-fact" way. Inclusion in the new lease of the previously approved right-of-way, does not entitle the company to continue mining coal into the new lease beyond the previously approved boundary before the Secretary of the Interior has approved the Mining Plan in accordance with the Mineral Leasing Act.

If you have any further questions, please call me.

Sincerely,

Pamela Grubaugh-Littig
Permit Supervisor

tam

cc:

Bill Malencik

Mary Ann Wright

Ranvir Singh, OSM

Steve Falk, BLM, Price Field Office

O:\007020.HZN\FINAL\IBCRESPO.WPD

Snell & Wilmer

LLP
LAW OFFICES
111 East Broadway
Suite 900
Salt Lake City, Utah 84111-1004
(801) 237-1900
FAX (801) 237-1950

PHOENIX, ARIZONA
TUCSON, ARIZONA
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FACSIMILE REQUEST FORM

Time Out _____

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TO:	FACSIMILE NUMBER:	TO:	FACSIMILE NUMBER:
PAMELA GRUBAUGH-LITTIG		359-3940	
LARRY JONES		435-448-9456	
VICKY MILLER		435-472-0883	

FROM:

Denise A. Dragoo

ACT/007/020
#2

REMARKS:

**RE: CORRECTION TO LEGAL DESCRIPTION FOR FEDERAL COAL LEASE UTU-74804
IN LETTER DATED MARCH 9, 1999 RE HORIZON MINING, LLC'S PROPOSED INCIDENTAL
BOUNDARY CHANGE**

ORIGINAL DOCUMENT: Will be sent via U.S. MailCONFIRMATION No.:
(IF REQUIRED)NUMBER OF PAGES:
(INCL. COVER PAGE)2DATE: March 10, 1999CLIENT/MATTER: 33999.0001PLEASE RETURN TO: Julie McKenziePERSONAL FAX: NoREQUEST/ATTORNEY: Denise A. DragooDIRECT LINE: 801-237-1998

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OUR FACSIMILE NUMBER IS (801) 237-1950**

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Snell & Wilmer
— L.L.P. —
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PHOENIX, ARIZONA

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IRVINE, CALIFORNIA

Denise A. Dragoo (801) 237-1998
Internet: ddragoo@swlaw.com

March 10, 1999

Via Facsimile & U.S. Mail

Ms. Pamela Grubaugh-Littig
Permit Supervisor
Utah Division of Oil, Gas & Mining
1594 West North Temple
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Incidental Boundary Change, Horizon Mint Permit ACT/007/020

Dear Ms. Grubaugh-Littig:

By letter dated March 9, 1999, we informed the Division that Horizon Mining, LLC ("Horizon"), is proposing to submit an Incidental Boundary Change for the Horizon Mine. On page 2 of that letter, there is a typo in the legal description for Federal Coal Lease UTU-74804. Would you please correct the first description in Section 8 to read: **SWNE** rather than **SENE**.

Thank you for your assistance in this matter. Please let me know if you need anything further to correct this error.

Very truly yours,

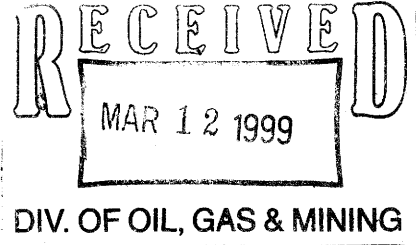


Denise A. Dragoo

DAD:jmc:79162

Cc: Steven Falk, BLM
Larry Jones
Mark Wayment
Earthfax Engineering

HORIZON MINING, LLC
P.O. BOX 599
HELPER, UT 84526



March 12, 1999

Mr. Joe Helfrich
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

ACT/007/020 #2

Re: Horizon Mining, LLC, Clean Copy Submission of "Blasting Plan", ACT 007/020-98E.

Dear Joe,

Horizon Mining, LLC is herewith submitting five clean copies of the "blasting plan", submitted originally on February 26, 1999 for review. These copies are submitted in accordance with your approval letter dated March 12, 1999.

If the Division has any questions or needs additional information, please do not hesitate to contact me at (435) 472-0884.

Sincerely yours,

A handwritten signature in cursive script that reads "Vicky".

Vicky Miller
EarthFax Engineering, Inc.
Permit Coordinator



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Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

March 12, 1999

Denise Dragoo, Resident Agent
Snell and Wilmer
111 East Broadway, Suite 900
Salt Lake City, Utah 84111

Re: Blasting Plan, Horizon Mining, LLC, Horizon Mine, ACT/007/020-98E, File #3, Carbon County, Utah

Dear Ms. Dragoo:

Enclosed please find a stamped approved incorporated copy of the referenced amendment for insertion in your Mining and Reclamation Plan. The technical analysis as prepared by Bill Malencik is also provided.

SUMMARY

On 10/16/98, Bill Malencik completed a technical analysis of the referenced Horizon Blasting Amendment. The analysis identified two minor non-fatal defects. The defects included:

- #1: The MRP text did not contain language on the storage of explosives.
- #2: The surface facilities map did not show where the cap and powder magazines will be stored within the disturbed permitted area (DOGM Permit).

The Division notified the permittee of the defects. Subsequently, the inspector notified the permittee of a final deadline date. Further, failure to meet the deadline date would result in the amendment being null and void without further notice. The operator's revision complied with the deadline date.

TECHNICAL ANALYSIS:

OPERATION PLAN

MINING AND RECLAMATION PLAN

Analysis:

Surface Facilities Map-Explosives (Provision 1)
Regulatory Reference: R645-301-521.167

The permittee submitted a modified surface facilities map, Plate 3-1 and this deficiency is now adequately addressed.

Findings:

The map meets the requirements of the Utah Coal Rules.

Analysis:

MRP Text

Regulatory References:

Utah Coal Law: 40-10-11 (7) and 40-10-17 (1),(0)
Utah Coal Rules: R645-105, Blaster Training, Examination, &

Certification

Other: R645-301-524, Blasting and Explosives
Public Law 91-452, Federal Explosive Law
30 CFR Sub Part N

The MRP text has been changed to correct the deficiencies.

Findings:

The text has been updated and meets the Utah Coal Rules. The shaded text shows the changes.

SPECIAL REQUEST

Horizon is directed to add a sentence in their unshaded final submission to the effect.....
"Explosive storage magazines are shown on Plate 3-1."

Page 3

ACT/007/020-98E

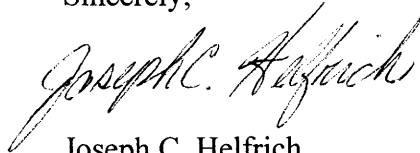
March 12, 1999

Recommendation:

Recommend the explosive amendment be approved and the permittee submit unshaded text with the additional sentence noted above.

If you have any questions, please call.

Sincerely,



Joseph C. Helfrich
Permit Supervisor

tam

Enclosure

cc:

Ranvir Singh, OSM
Richard Manus, BLM
Alan Rabinoff, BLM, w/o
Mark Page, Water Rights, w/o
Dave Ariotti, DEQ, w/o
Bill Bates, DWR, w/o
Vicky Miller, EarthFax, w/o
Price Field Office

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Snell & Wilmer

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CONFIRMATION OF
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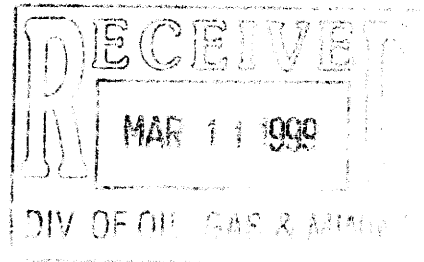
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March 10, 1999

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Thank you for your assistance in this matter. Please let me know if you need anything further to correct this error.

Very truly yours,

A handwritten signature in dark ink, appearing to be "D. Drago".

Denise A. Drago

DAD:jmc:79162

Cc: Steven Falk, BLM
Larry Jones
Mark Wayment
Earthfax Engineering

ACT/007/020 #2